

Business Activities

Individual Insurance Marketing

Our key sales channel is the sales personnel channel where, in fiscal 2011, we moved ahead with phase II reform of our individual insurance marketing. Phase II builds on and expands the reform launched in fiscal 2008.

To further improve customer satisfaction, we expanded the list of activities in our “Ease of Mind Service Activities Program” which standardizes contents of services and the frequency of policyholder visits. Moreover, we are working to improve our proposal capability by ensuring explanations are made with appropriate detail concerning the social security system, required coverage amounts and multiple options available to customers prior to enrollment.

To nurture our sales personnel, we reinforced our in-house training and examination programs which verify the knowledge, skills and manners which are required of sales personnel. We also improved our system to nurture sales personnel during the first five years by introducing consulting training and an examination to assess sales capability with main products. We are providing additional categories and levels of training opportunities that more precisely correspond to the capabilities of our sales personnel. In addition, we are strengthening our development system with the establishment of the “Practical Sales Research & Development Office” which aims to improve productivity.

To improve the effectiveness of our sales network and better adapt it to the current market, we restructured our regional offices, reducing the number from 81 to 76 in April 2011. We also expanded our sales organization that specializes in marketing targeting employees at companies, associations and other organizations, primarily in the metropolitan Tokyo area.

Looking at our insurance products, we released four new riders including the “Whole Life Annuity Rider with Disability Income Benefit” in October 2011. These riders provide separate coverage for income protection and survivor support. Previously these were combined. In conjunction with our main product “Life Account L.A.,” the new riders enable more flexible product planning to fit the unique coverage requirements of each customer.

These efforts resulted in a second consecutive annual increase of premium income in the sales personnel channel, indicating the steady progress being made through phase II reform of our individual insurance marketing.

General Agent Marketing

For OTC sales at banks and other financial institutions, we provided detailed sales support for each institution, and promoted sales of single premium whole life insurance which meets the need for lifetime coverage, stable wealth building and inheritance planning. To meet the diverse needs of our customers, we also provide products with a single premium fixed-amount and variable annuity as well as products with a level premium fixed-amount annuity.

With an eye on changes in market interest rates, we revised guaranteed minimum assumed withdrawal rates of two of our single premium whole life insurance products: the “*Kantan* sustainable growth plus / 3 *Zou-Hou-Shi*” in April 2011 and the “*Everybody*” in December 2011. In addition, we are expanding our agency network of corporate agencies and tax accountant agencies. In April 2011, we initiated sales of our life insurance products through agencies which are subsidiaries of Tokio Marine & Nichido Fire Insurance Co., Ltd.

Group Insurance Marketing

Aiming to achieve a greater number of new policyholders by focusing on government offices, we increased the number of consulting staff. In April 2011, we improved the head office support structure to strengthen group pension proposal capabilities for large institutions. We virtually completed the

transition of tax-qualified retirement pension plans, which were terminated on March 31, 2012, to alternative pension plans. In other areas, we are working to establish a sales service system in collaboration with our individual insurance marketing organization, to better serve the wide range of needs in the “seniors” market, with primary focus on the needs of retirees.

■ Five-Year Results for Main Businesses

Years ended March 31

Items	Millions of Yen				
	FY2011	FY2010	FY2009	FY2008	FY2007
Total ordinary revenue	¥ 6,081,039	¥ 4,795,406	¥ 4,165,183	¥ 3,784,791	¥ 3,551,816
Ordinary income	371,772	235,022	178,577	111,448	189,893
Base profit	370,982	310,544	291,478	329,341	415,868
Surplus for the period.....	172,007	139,754	143,470	122,269	163,182
Total amount of foundation funds (Note 1).....	520,000	470,000	410,000	410,000	410,000
Total assets.....	29,664,157	27,065,316	25,012,490	23,903,468	25,233,431
Assets in separate accounts.....	712,519	694,105	595,353	522,696	713,742
Policy reserves	26,469,306	23,767,432	22,236,124	21,313,343	21,670,167
Loans.....	4,967,486	5,082,632	5,477,264	5,996,704	6,251,388
Securities.....	22,222,184	19,434,702	17,067,741	15,049,440	16,539,722
Solvency-margin ratio (Note 2).....	749.6%	1,156.8% (663.6%)	1,187.5%	1,098.7%	1,314.1%
Life insurance in force (Note 3).....	210,721,747	210,485,950	214,991,461	224,140,300	234,434,970
Individual life insurance	88,851,239	92,383,785	97,485,858	105,953,065	115,629,745
Individual annuities	12,702,634	12,082,476	11,690,075	11,258,235	11,202,259
Group life insurance.....	109,167,874	106,019,687	105,815,528	106,929,000	107,602,965
Group pensions in force (Note 4)	6,512,315	6,455,066	6,456,604	6,380,688	6,563,311
Spread (Billions of Yen).....	19.2	(1.0)	(59.0)	(68.8)	(56.7)

Notes: 1. Accumulated redeemed foundation funds are included.

2. In accordance with Cabinet Office Ordinance No. 23, 2010, and the Financial Services Agency Notification No. 48, 2010, a partial revision was made in the method of determining the total amount of net assets and reserves and total risk (stricter rules for inclusion in solvency margin requirement, stricter rules and finer details for calculating risk, etc.) used in calculating the solvency margin ratio. The new method was adopted for the presentation of fiscal 2011 figures. The figures for fiscal 2007 to 2010 were calculated with the former method. To facilitate comparison, we also provide a pro forma result for fiscal 2010. This figure appears in parentheses and represents the solvency-margin ratio that would have resulted if the revision had been adopted on March 31, 2011.

3. Life insurance in force represents the sum total of individual life insurance, individual annuities and group life insurance in force.

4. Group pensions in force represents the sum total of policy reserves for group pensions.

Business Activities

Underwriting, Policyholder Services, and Claim Payments

Our priority in allocating management resources remained centered on our core insurance company function for underwriting, policyholder services, and claim payments. We continuously improved our policyholder services operations and carried out IT system development aimed at increasing the sophistication of our claim payment system to enhance the quality of service.

Based on the operational improvement plan submitted to the Financial Services Agency (FSA) in August 2008, we carry out regular examinations on the effectiveness of the steps to prevent recurrence of inappropriate non-payments, and where necessary, make revisions and improvements of our claim payment system.

Recognizing the sufficiency of the measures we have taken, the FSA relieved the mandatory obligation to file status reports on the implementation of the operational improvement plan in December 2011.

Asset Management

We continued to employ the surplus management type of asset liability management (ALM) in our asset management operations. Among the measures implemented, we increased asset duration (the weighted-average time until repayment) through purchases of longer-term bonds, particularly super long-term bonds. We also endeavored to decrease interest-rate risk with comprehensive hedging of liabilities through interest-rate swaps.

We steadily disposed of our holdings of Japanese equities and real estate to reduce our exposure to price fluctuation risk. With an eye on foreign exchange rate levels and the gap between domestic and overseas interest rates, we sought to increase profitability by increasing our holdings of foreign currency denominated bonds as well as investing in bonds issued by foreign companies through investment funds.

Improving Customer Services

In the individual insurance field, we are conducting an exhaustive review of our services and the application process from the customer's point of view as we strive to improve these services. We have already taken some decisive steps through administrative service reforms. Specifically, we have minimized the customer's workload in renewing existing policies by preparing detailed documents that only require the customer's seal and signature. As a result of our review, we also simplified the insurance claim application process by revising documents to be submitted in such processes.

We also provide customers with supplemental documents for each policy in which they desire to enroll. Providing full details, these supplements explain the cases that we will not be able to underwrite and the cases which will require special conditions. We also revised the documents issued to policyholders upon completion of claims payment.

By utilizing information and communication technology (ICT), we are also converting business forms to digital format to enhance usability in group insurance marketing.

Note: Surplus management type of ALM is a risk management technique that defines a surplus as the difference between the assessed economic value of assets and liabilities, and aims to control fluctuation risk for the surplus using asset liability management.

International Insurance Services

Our international insurance business centers on three core areas: international insurance, international insurance networks and international reinsurance with overseas insurance companies.

The United States

In 1976, we became the first Japanese company to enter the U.S. life insurance market. Our wholly-owned subsidiary, Pacific Guardian Life Insurance Company, Limited (PGL), is the largest life insurer domiciled in Hawaii and provides life insurance for communities, mainly in Hawaii and the west coast. Meiji Yasuda America Incorporated offers insurance services for the products of associated insurers to Japanese affiliates in the United States, where it has offices in New York and Los Angeles.

Europe

In 2012, we became the first Japanese insurer to expand into Poland, acquiring two major Polish insurers: TU Europa S.A. in June and TUIR Warta S.A. in July. These acquisitions were undertaken jointly with German-based insurer Talanx AG, our capital and business alliance partner since November 2010. We aim to further penetrate growth markets as we strive to help these affiliates succeed.

Meiji Yasuda Europe Limited in London and our Frankfurt representative office provide accurate market intelligence, contributing to the management of Meiji Yasuda Life.

Asia

In China, our investment in Haier Meiji Yasuda Life Insurance Co., Ltd. began as a joint venture with Haier Group in December 2010. In April 2012, we welcomed Peking University Founder Group Co., Ltd., the enterprise group created by Peking University, as a new shareholder. Accordingly, Haier Meiji Yasuda Life changed its name to Founder Meiji Yasuda Life Insurance Co., Ltd.

In November 2010, we found a capital and business alliance with an Indonesian life insurance company, PT Avrist Assurance. In May 2012, we increased our share-holdings in Avrist, which became an equity-method affiliate. We will expand businesses through our Asian affiliates by dispatching our personnel and providing support. We also seek to absorb management know-how of the regions, nurturing human resources familiar with Asian insurance business, to establish a sound operating foundation in Asia.

Hong Kong-based Meiji Yasuda Asia Limited, an insurance broker in China (Hong Kong), also works in cooperation with local insurers and controls the management of Mandatory Provident Funds (MPFs). Representative offices in Seoul and Beijing further strengthen operations throughout the Asian market.

International Insurance Networks

To meet the group insurance and annuity needs of the overseas branches and subsidiaries of multinational corporations, Meiji Yasuda Life has joined two international life insurance company networks: All Net, administered by the Allianz Group, and the Swiss Life Network, run by Swiss Life. Through cooperation with members of these networks, we provide insurance services for foreign-owned multinational corporations.

International Reinsurance Business

We entered the international reinsurance field in 1981. Since then, we have assumed the reinsurance of life, accident and health insurance policies from major foreign insurance companies around the world.

Business Activities

Risk Management Structure

—Basic Policy and Risk Management Structure

Basic Recognition, Risk Management Policies and Rules

Meiji Yasuda Life recognizes the importance of ensuring sound management and faithfully fulfilling contractual obligations over the long term to achieving its goal of being a “Company That Values Its Customers.” Accordingly, we view risk management as one of the most crucial elements of business management. To guide our efforts, our Board of Directors, Management Council and various risk-management-related committees set risk management policies and rules.

Risk Management Structure

The department in charge of overall risk management (the Risk Management Control Department) develops and promotes the overall risk management system, integrating our risk management structure. It monitors and manages risk management at each of the individual departments in charge of risk control and provides them with expert advice.

Aiming to ensure regular monitoring and appropriate control of various risks, we have also established the Risk Management Committee, which advises the Management Council and works to advance our risk management structure.

To enhance the effectiveness of our risk management, the Auditing Department, Audit Committee and the External Auditor inspect our risk management structure, verifying such aspects as appropriateness and efficacy of risk management functions and the risk management system.

Management Structure for Enterprise Risk and Category-Specific Risk

As for enterprise risk, we aim to perceive and manage various risks arising in our operations in a comprehensive and integrated manner. Individual risks are identified, categorized, aggregated and examined on a quantitative or qualitative basis. They are addressed in

the manner best suited to the characteristics of the risk, with results reported regularly to the Risk Management Committee and other risk management bodies.

Anticipating changes in our business environment and regulatory trends, we are examining and introducing more precise and sophisticated risk calculation methods and a risk-measurement based capital allocation system, thereby progressively enhancing the enterprise risk management system.

As for category-specific risk, the department in charge of overall risk management (the Risk Management Control Department), the body placed on the top of three layers of risk management departments, oversees and supervises each of the individual departments in charge of risk control to ensure that such risk is appropriately controlled. The individual departments in charge of risk control suggest measures for improvement and provide specialized advice to the departments in charge of risk management through monitoring and analysis of risk management conditions in these departments. The departments in charge of risk management are responsible for identifying potential risks for the business unit or category they supervise and developing appropriate risk management systems. The Risk Management Sub-Committees, placed under the Risk Management Committee, conduct specialized risk management responding to the characteristics of each category of risk.

Management Structure for Unit-Specific Risk

Besides category-specific risk management, our structure manages business unit-specific risk.

While the department in charge of overall risk management (the Risk Management Control Department) oversees overall business unit-specific risk management, risk management managers and staff are appointed in each business unit of our head office departments, group insurance marketing departments and regional offices to check and confirm the status of operational risk management, consider ways to mitigate risks, prevent potential risk, and to avoid recurrences of past problems.

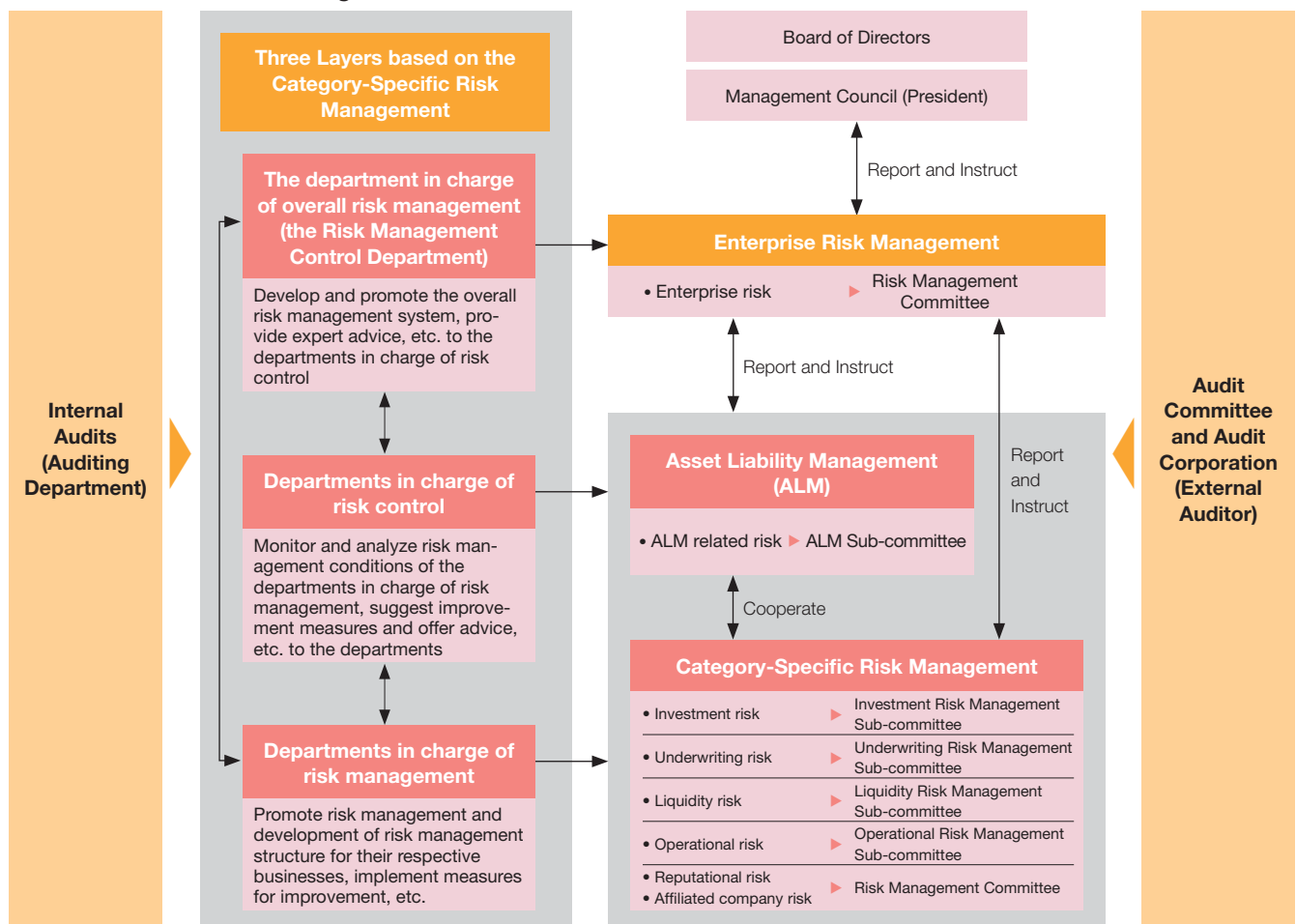
Especially, each head office department formulates a risk management action plan upon recognition of the fundamental risks involved. These departments document every business processes, comprehensively identify risks related to operations, develop measures against the risks, implement systems for such measures, and carefully examine the magnitude of unaddressed risk. Moreover, the risk management status of the most critical operations is continuously monitored by these departments.

Stress Test

Although the Value at Risk (VaR) method is used to measure the maximum foreseeable loss due to

enterprise risk, stress tests are regularly performed to simulate conditions that exceed normal forecasts and cannot be assessed with Value at Risk. These stress tests extend to events such as drastic economic deterioration and major disasters including earthquake. Through stress tests, we multilaterally analyze such factors as assumed impact on assets and liabilities and level of increase in insurance payments. Test results are regularly reported to the Risk Management Committee, Management Council and Board of Directors. The results are utilized to discuss management strategies and measures for strengthening the financial foundation.

Overview of the Risk Management Structure



Business Activities

Pursuing Thorough Compliance

As a “Company That Values Its Customers,” Meiji Yasuda Life implements CSR management that includes rigorous compliance measures. We have adopted the following initiatives to assist us in faithfully satisfying the expectations that customers and society have for us as a life insurance company.

“Code of Conduct,” “Meiji Yasuda Sales and Service Policy” and “Our Pledge”

Our “Code of Conduct” defines our basic compliance policies and standards as well as behavioral and action rules for all officers and employees. At Meiji Yasuda Life, we define compliance as “acting with fairness and integrity in the course of duties toward achievement of management policies as well as individual activities, complying with laws and in-house rules, and exercising common sense” and oblige all officers and employees to practice it.

“Meiji Yasuda Sales and Service Policy,” which is carried by our sales personnel at all times, stresses respect for customers throughout operations. It was revised in April 2012 to further protect the interests of our customers, putting emphasis on operations based upon their viewpoints. The revision sets forth policies including providing customers with broader information, detailing consulting services to propose products best suited to customer needs, written confirmation of customer needs with a “Letter of Intent” and, especially for the elderly, detailed product explanations. The policies also call for the enrichment of after-sales service, with timely, appropriate information provision regarding the substance of policies and prompt response to applications for insurance claims and benefits.

Moreover, all officers and employees act in accordance with what we call “Our Pledge,” which is designed to encourage our awareness of these policies at a more personal level and ensure it becomes thoroughly embedded in our corporate culture.

In addition, the “Compliance Manual” is updated annually. This reference manual covers business matters necessary for compliance in daily operations, and all officers and employees refer to it regularly to achieve thorough compliance.

Compliance Program Guides Compliance Efforts

We draw up an action plan to guide our compliance efforts annually. For fiscal 2012, this “Compliance Program” sets forth the basic policies of programs including the use of autonomous Plan, Do, Check & Act (PDCA) cycles in each business section, enhancement of self-cleansing capabilities, diversification of channels and development of the compliance promotion structure which meets the requests of society and identifies changes in operating circumstances. We are implementing these programs at all levels (company-wide, head office, regional offices, and group marketing departments), with activities and results reported to and discussed with the Management Council and the Board of Directors through the Compliance Promotion Advisory Council and other bodies.

Compliance Promotion Structure

The Compliance Control Department is in charge of promoting compliance on a multilateral basis throughout the Company, including subsidiaries and affiliates. The Department:

1. Integrates management of compliance-related information and investigates and responds to individual cases relating to compliance
2. Identifies improprieties and deals with issues
3. Runs compliance training courses for officers and employees on a regular basis

The Compliance Control Department promotes compliance in these areas in cooperation with compliance managers and team leaders assigned to each business section. For greater effectiveness, compliance instructors are appointed to carry out direct guidance for improvements in the field. The senior managers in administration and internal control at regional offices and in group marketing departments are concurrently assigned to the Compliance Control Department to strengthen the function of checks-and-balances.

If fraudulent behavior occurs, it is reported to the Compliance Control Department through the compliance managers and team leaders of the departments in question. We also have a “Compliance Hotline,” a “Corporate Ethics Hotline,” and a “Human Rights Hotline” to enable people discovering such behavior to report it directly.

To pursue Group compliance on a comprehensive basis, we have the “Compliance Promotion Committee” which plans and develops compliance systems throughout the Meiji Yasuda Life Group.

Moreover, we have the “Compliance Promotion Advisory Council,” which is made up of a majority of external members. It was set up to build a more transparent, more effective compliance regime by reflecting the opinions of external experts and strengthening the operational oversight function from a third party perspective. Acting as an advisory body to the Management Council, the council discusses basic policies, important regulatory revisions and the state of progress in compliance initiatives concerning compliance promotion.

Business Activities

Social Contribution Activities

Supporting the sound upbringing of children is an essential area of our Corporate Social Responsibility (CSR) and social contribution activities, which are conducted on a nationwide basis. To commemorate the fifth year of our nationwide CSR activities in fiscal 2012, we promoted the “*Kodomo-no Ashita Ouen* (Support the Future of Children) Project.” We will pursue further contribution to society through these activities.

Protecting the Lives and Safety of Children

Local Safety Map Making

As an extension of regional contribution activities to protect the lives and safety of children, we have been holding local safety map making classes from 2008. At these classes, children learn how to avoid dangerous places through lectures, field-work and map making with their parents.



Local safety map making class

Presenting Yellow Patches

To protect new primary school children from traffic accidents, we present children with Yellow Patches. We have presented these patches to 58,860,000 children since 1965. This activity is conducted in tandem with Mizuho Financial Group, Sompo Japan Insurance and Dai-ichi Life Insurance.



The Yellow Patch

Sentiment Education through Music

Fureai Concerts

From 1984, we have been sponsoring the *Fureai* Concerts featuring Shigeki Torizuka of the famous pop group “The Wild Ones,” to give children with disabilities a chance to interact with live music. The concerts were held at 121 special-needs schools around Japan over the past 28 years, funded by contributions from our officers and employees.

“Love & Peace Charity Concert” and “Classes in Playing Music of the ‘Future’”

Aiming to enrich children’s aesthetic sense by providing them with opportunities to become more familiar with music, we are sponsoring “Love & Peace Charity Concert” performed by the famous composer Shigeaki Saegusa across Japan as well as “Classes in Playing Music of the ‘Future’” at elementary schools and junior high schools.

Charitable donations collected at each venue are donated to NPOs that are working in the fields of education and environment conservation throughout Japan.